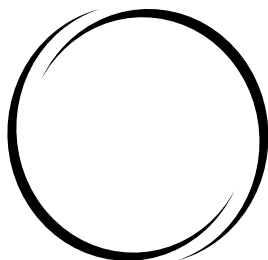


THE SPIRIT OF LEADERSHIP

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The Leadership Circle®



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IS REAL CHANGE POSSIBLE?

“Times of growth are beset with difficulties. But these difficulties arise from the profusion of all that is struggling to attain form. Everything is in motion: Therefore, if one perseveres, there is a prospect of great success.”

- *I Ching*

Increasingly, the issues that affect business are global in scope. Organizations are nested in a storm-tossed sea of global change where everything affects everything else. Issues of cross-cultural commerce, global economic shifts, resource constraints, ecological impact, and geo-political (in) stability are redefining the context of leadership.

Our old ways of thinking and leading are not capable of encompassing the level of interdependence and complexity we face. They simply are not up to the challenges of global change. In fact, they are barely up to the challenges of organizational change.

A recent study of more than 100 companies engaged in major change efforts demonstrated that 85% don't yield tangible much less durable results. Why?

Meg Wheatley, renowned author of Leadership and the New Science, suggests that: “Most of the ways we were taught to think, to reason, to understand simply don't give us the means to make wise decisions anymore. We don't know how to be wise stewards of the dilemmas and challenges that confront us daily. We were not taught how to make sense of a chaotic world, or a world-wide interconnected web of activity and relationships.”

CAN WE DO BETTER THAN A 15% SUCCESS RATE?

Our answer is yes, but only if we manage change in an integral way addressing all inner and outer demands. Success is possible, only if we are willing to:

- Go through the same metanoia (fundamental shift of mind and heart) that we want for the organization.
- Engage in the difficult ongoing dialogue that brings to the surface that which is hidden in our culture and allows personal transformation to translate into cultural and systemic change.

We live in a time of great opportunity and great peril. The next fifty years are going to be interesting. We could well bring into being a global order going beyond nationalism to serve planetary welfare. We could destroy ourselves. Certainly business, with its growing global reach, plays a major role in the world's future and has a huge stake in the outcome.

The challenge for leadership in the new millennium is huge. Einstein makes the challenge clear: “The

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significant problems we face cannot be solved at the same level of thinking we were at when we created them.” Something in our consciousness must shift in order for us to be able to see how to act in a way that can address the challenge of the times.

WHAT THE LEADERSHIP CIRCLE IS ALL ABOUT

“Thought and analysis are powerless to pierce the great mystery that hovers over the world and over our existence, but knowledge of the great truths only appears in action and labor.”

- *Albert Schweitzer*

The Leadership Circle is dedicated to preparing leaders for the next millennium, leaders capable of navigating the delicate balance between short-term profitability and long-term common good. The Leadership Circle is dedicated to serving leaders concerned with creating a sustainable thriving future for the planet and, thus, for global business.

We believe that corporate leadership is in the driver's seat. While global change ultimately requires political power and will, the power behind the political agenda today is corporate. Corporate leadership will set the agenda for the planet's future.

It is time for us to expand our notions of legacy, beyond the creation of a great company, to include a legacy of global welfare. The organizations we lead must become great organizations for sure. But, we are ready for — we need — an expanded definition of greatness. This definition includes sustainable returns of money and meaning. It is greatness that benefits shareholders and the environment that achieves breakthroughs in service, technology, and in the lives of those who are associated with the enterprise. The Leadership Circle is dedicated to expanding our measurement of greatness — and we do not know where the boundaries lie.

It is the vision of The Leadership Circle that, by orchestrating profound learning experiences and great conversations between the most senior levels of leadership and the world's greatest theorists, we can become leaders capable of the global challenges we face.

Why Change Efforts Fail

Why do so many change efforts fall short? The truth is, systemic change is exceedingly complex, and there is no one cause, nor a single antidote, to these dismaying results. However, most of the unsuccessful change efforts that we have studied close-up reveal a common pattern: crucial variables are ignored. Usually the more obvious and easy to address aspects of the change are tackled. The more invisible, insidious, emotionally wrenching quadrants of personal and cultural change are often left out of the equation.

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For any change effort to be successful, it must address each of four quadrants of change outlined below.

THE FOUR QUADRANTS OF CHANGE



Quadrant 1 is the individual/internal aspect of change. This is the interior reality of people. It is the area of cognitive, psychological, and spiritual development. In this quadrant leaders attend to the inner development of people, recognizing that no substantive change is possible without a prior change in consciousness.

Quadrant 2 has to do with the individual/external aspects of change. This is the domain of technical and interpersonal skills as well as the science (physiology/neurology/psychology) of peak performance. This quadrant gets a great deal of attention from coaches and world-class athletes. It is where leaders pay attention to developing peoples' skills and supporting the physical and psychological ingredients that spark motivation and peak performance.

Quadrant 3 deals with the collective/internal aspects of change. This is the domain of culture. It is the

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interior, often hidden, territory of our shared assumptions and images that direct what happens when we come together. This is the domain of myth, story, unwritten rules, and beliefs. It reminds leaders to pay attention to the deeper meanings of symbols, purpose, vision and values-not so much as written, framed, statements, but, as the subtle messages encoded in our day-to-day interactions.

Quadrant 4 has to do with the collective/external aspects of change, the social /technical/ organization system. It is the quadrant of organizational design, technology workflow, policies, and procedures. This quadrant reminds leaders that system design determines performance and that if we want to get the system to perform at a substantively higher level, we must design for it.

Each of these quadrants is related to all the others. Development of one quadrant is inextricably bound up with all the others. Just a few examples:

- Individual consciousness affects physiology and vice versa.
- Culture stimulates or retards individual development and vice versa.
- Organizational structure shapes culture (and vice versa), which defines the opportunities people have/take for self-expression and growth.
- Consciousness shapes and guides the design of the system and vice versa.

Each quadrant affects all the others. Each is powerful. Ignoring any one of them can lead to haphazard results from our attempts at change.

When attempting to change a complex organizational system, an all-quadrants approach to change is needed. At The Leadership Circle, we call this taking an integral approach. It is possible to vastly improve on the prevailing 15% success rate in organizational change, but only if leaders are willing to move into the areas of change that are typically avoided.

WHAT IS OVERLOOKED?

“Spiritual warriors are courageous enough to taste suffering and relate to their fear... suffering is not seen as a failure or a punishment. It’s a purification.”

– *Sogyal Rinpoche*

The goal of most change efforts is a new system capable of increased internal efficiency, expanded agility and capability in the marketplace, with new levels of energy, creativity, ownership, and productivity. Currently, there are two primary ways change efforts are set up to fall short. First, they lack a whole system approach. Most system approaches are lower right (external-collective). Change efforts fail when deep system design issues are mistaken as isolated problems to be solved. Change is programmatic and piecemeal. This is analogous to treating the symptoms of a disease and not the

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disease. Short-term improvement is often followed by worsening conditions long-term.

Second, and by far the most common way change efforts are not set up for success, (even with a whole system approach) is that the two internal quadrants are largely ignored. These change efforts focus only on the external side of change. New technology is introduced, the organization is restructured, teams are introduced, policies and reward systems are changed, workflows are reorganized, cross-training and cross-functional interfaces are put in place, etc. Individuals and teams receive training in the skills required to function in the new system. All very comprehensive, right? Seems like all the bases are covered and it should work. It seldom does, because the system cannot organize, in any sustainable way, beyond the median level of consciousness in the left (internal) quadrants.

Most change efforts suffer from both oversights mentioned above: focusing on problems not systems and ignoring the need for inner shifts in consciousness and culture. But, when we study change efforts through the lens of the integral model, by far and away the most common quadrant ignored is the individual/internal followed closely by the collective/internal. In other words, all the internal, deeper, psychological and spiritual aspects of individual and culture change are given short shrift.

This oversight is particularly critical because in a changing organization system and structure, managers and employees alike are implicitly being asked to evolve a new orientation towards themselves and their world. Organizational change is not a question of skills and structure alone, but of identity and world-view.

Pressure for Personal Transformation

Let's consider an example of how one type of organizational change effort, the establishment of high performance teamwork, requires a transformation of the internal personal identity system (1st quadrant) of every individual in the organization. (Identity is the inner system that makes up one's self concept. It is the system through which one relates to the surrounding world.) For this example, let's also assume that the change effort has been well-crafted vis-à-vis the two external quadrants.

Change efforts of this type require leaders to use power differently, to use their power to develop the power and expertise of others. This expectation becomes problematic for leaders who derive a sense of personal worth from being powerful, important, expert, decisive, heroic, and/or in charge. In the new organization they are no longer "the one", but one among many. For those who have spent a lifetime defining their worth in terms of their strength of command, technical expertise, and decision-making ability, this shift constitutes nothing less than a crisis of identity. They must ask, "Who am I if I am not my ability to take command and be the one who makes the right decision?"